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# CONWEST

*Exploration Company Limited*

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TWENTY-SIXTH ANNUAL REPORT

*December 31st*—1964

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*Twenty-sixth Annual Report*

*of*

**C O N W E S T**

**EXPLORATION COMPANY LIMITED**

**OFFICERS**

F. M. CONNELL, O.B.E.	- - - - -	Chairman
C. R. ELLIOTT	- - - - -	President and Treasurer
W. H. CONNELL	- - - - -	Vice-President
J. M. CONNELL	- - - - -	Vice-President
J. D. CHRISTIAN, C.B.E.	- - - - -	Executive Vice-President
C. S. M. MORTIMER	- - - - -	Secretary
J. R. SCRIMGER	- - - - -	Assistant Secretary

**DIRECTORS**

F. M. CONNELL, O.B.E.	- - - - -	Toronto, Ontario
W. H. CONNELL	- - - - -	Spencerville, Ontario
J. M. CONNELL	- - - - -	Toronto, Ontario
J. D. CHRISTIAN, C.B.E.	- - - - -	Toronto, Ontario
K. A. CREERY	- - - - -	Montreal, Quebec
C. R. ELLIOTT	- - - - -	Toronto, Ontario
J. E. KENNEDY	- - - - -	Toronto, Ontario
S. E. JAMIESON	- - - - -	Montreal, Quebec
E. B. CONNELL	- - - - -	Spencerville, Ontario

**TRANSFER AGENTS AND REGISTRARS**

MONTREAL TRUST COMPANY	- - - - -	Toronto, Ontario
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**BANKERS**

THE ROYAL BANK OF CANADA

**AUDITORS**

CLARKSON, GORDON & CO.	- - - - -	Toronto, Ontario
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**SOLICITORS**

MORTIMER, COLEBOURN AND ANDREWS	- -	Toronto, Ontario
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**ADMINISTRATIVE OFFICE**

SUITE 1001, 85 RICHMOND STREET WEST	- -	Toronto, Ontario
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**FIELD OFFICES**

SUITE 901, ROYAL BANK BLDG.	- - - - -	Vancouver, B.C.
		Whitehorse, Y.T.
		Timmins, Ontario

**ANNUAL MEETING**

10:00 A.M., APRIL 26th, 1965	- - - - -	The Windsor Hotel Montreal, Quebec
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# Conwest Exploration Company Limited

## *Management and Exploration Personnel*

### GENERAL OFFICERS:

Chairman of the Board	- - - - -	F. M. CONNELL, O.B.E., LL.D.
President and Treasurer	- - - - -	C. R. ELLIOTT, C.A.
Executive Vice-President and Consulting Engineer		J. D. CHRISTIAN, C.B.E., B.A.Sc.
Vice-President	- - - - -	W. HAROLD CONNELL
Vice-President and Assistant to President	- -	J. M. CONNELL
Secretary	- - - - -	C. S. M. MORTIMER, Q.C.
Assistant Secretary	- - - - -	J. R. SCRIMGER

### EXPLORATION AND DEVELOPMENT DIVISION:

Manager	- - - - -	W. P. HAMMOND, M.A.
Assistant to the Manager	- - - - -	K. G. MILLER
Engineer and Geologist	- - - - -	A. S. ASHTON, B.A.Sc.
Engineer and Geologist	- - - - -	A. R. BULLIS, B.A.Sc.
Engineer and Geologist	- - - - -	P. O. HACHEY, M.Sc.
Engineer and Geologist	- - - - -	P. R. HEENAN, B.A.Sc.
Whitehorse Office, Yukon Territory	- - -	A. F. BERRY
Mineral Claims Secretary	- - - - -	J. CALDWELL
Accountant	- - - - -	G. W. PRITCHARD

### OPERATING DIVISION:

#### Cassiar Asbestos Corporation Limited:

President and General Manager	- - - - -	J. D. CHRISTIAN, C.B.E., B.A.Sc.
Manager of Operations	- - - - -	N. GRITZUK, B.Sc.
Consulting Engineer	- - - - -	T. T. TIGERT, B.A.Sc.
General Superintendent	- - - - -	J. G. BERRY, B.Sc.
Plant Superintendent	- - - - -	C. E. BRONSON, B.Sc.
Mine Superintendent	- - - - -	T. L. HORSLEY, B.A.Sc.
Mill Superintendent	- - - - -	A. C. BEGUIN, B.A.Sc.
Chief Geologist	- - - - -	W. N. PLUMB, B.A.Sc.
Office Manager	- - - - -	W. L. JOHNSON
Chief Accountant	- - - - -	M. G. MAZURKEWICH
Mine Accountant	- - - - -	J. H. THORNICROFT

#### Transport Division of Cassiar Asbestos Corporation Limited:

Manager	- - - - -	N. GRITZUK, B.Sc.
Superintendent	- - - - -	E. K. McARTHUR
Accountant	- - - - -	K. J. MULLOY

#### Territorial Supply Company Limited:

Manager	- - - - -	N. GRITZUK, B.Sc.
Office Manager, Vancouver	- - - - -	J. T. WARD

# Conwest Exploration Company Limited

## *Report of the Directors*

To the Shareholders,  
CONWEST EXPLORATION COMPANY LIMITED.

Your directors submit for your information the balance sheet as at December 31st, 1964 and the related statements of income and earned surplus for the year ended on that date together with your Auditors' Report thereon.

The annual report of Cassiar Asbestos Corporation Limited is appended for your information.

### **CASSIAR ASBESTOS CORPORATION LIMITED**

Your company holds 653,381 shares of Cassiar Asbestos Corporation Limited.

You will note that during the year Cassiar earned \$7,336,746 before deducting provision for stripping costs, depreciation, amortization and other write-offs, aggregating \$2,358,284 and taxes payable for the year of \$1,185,000. The profit of \$3,793,462 has been reduced by the amount of the current year's tax reduction applicable to future years of \$765,000 leaving the balance of the net income for the year of \$3,028,462 or 76.5¢ per share.

Dividends received from Cassiar during the year provided your company with an income of \$392,029.

Your attention is drawn to the report on exploration carried out by Cassiar during the year which has resulted in a very satisfactory extension of the Clinton Creek mine orebody. The improved demand for asbestos cement grades of fibre together with the extension of the known reserves, warrants proceeding with the development of the Clinton Creek mine and planning is underway to that end.

As of June 30th, 1964, your company transferred to Cassiar the waterfront property that was held in North Vancouver having a frontage on Vancouver Harbour of approximately 510 feet. The transfer was made at the aggregate cost to your company to the date of transfer of the property, in the amount of \$425,000 of which \$50,000 was paid in cash and the balance is payable over five years pursuant to an agreement whereby your company retains certain rights to use the property for the shipment of products from any property under its management. Cassiar is now proceeding with the construction of a wharf and additional warehousing on the property. This will provide adequate facilities for Cassiar to move its products to market.

### **BASIN OIL EXPLORATION LIMITED**

Your company holds 680,848 shares of Basin Oil Exploration Limited or 62% of the outstanding capital stock of the company. During the year, Basin earned a net revenue of \$27,571 before provision for depreciation, depletion and abandonments. Production for the year was low due to restrictions imposed pending the unitization and the installation of water flooding facilities in Boundary Lake Unit No. 2. It is anticipated that production from the unit will return to normal in 1965.



Basin holds a 20% interest in eleven quarter sections of land near Edson, Alberta and holds six sections in the Montney area of British Columbia.

Basin has maintained its working capital at \$265,000.

#### **CHANCE MINING AND EXPLORATION COMPANY LIMITED**

In early 1964, your company acquired by staking, purchase and options to purchase, several groups of mining claims and properties strategically located with reference to the major discovery in the Township of Kidd reported in April, 1964 by Texas Gulf Sulphur. In this venture, pursuant to its agreement, Central Patricia Gold Mines Limited participated with Conwest to the extent of 20%. In order to finance work on the claims and properties, Chance Mining and Exploration Company Limited was incorporated with an authorized capital of 4,000,000 shares. Conwest and Central Patricia transferred all their interest in the venture for a total consideration of 800,000 shares of Chance and recovery of their costs in the amount of \$360,000. Conwest and Central Patricia subscribed to 500,000 shares of Chance to provide the company \$200,000. Subsequently, Chance offered 625,000 shares of its capital stock at the price of 60¢ per share to the shareholders of Conwest and Central Patricia and pursuant to that offering each Conwest shareholder received the right to purchase one share of Chance for each five shares of Conwest. A further 125,000 shares of Chance were sold to nominees of Conwest and Central Patricia at the price of 60¢ per share and 150,000 shares were sold through an investment dealer at the price of 75¢ per share. Upon completion of the financing, Chance had 2,200,000 shares outstanding and had \$400,000 available for exploration and development. Geophysical surveys had been carried out on approximately 30 percent of the claims and drilling had been done on three properties at the year end. The programme is expected to continue into mid-summer.

#### **HUCAMP MINES LIMITED**

Exploration of the Hucamp property, Manitouwadge area, Ontario, consisted of eleven drill holes comprising a total footage of 9,596 feet.

Ten of the holes intersected narrow zones of sparse sulphide mineralization containing minor zinc and copper values, but no orebody was found. The area on the property presently considered favourable for ore occurrence has been extensively explored by drilling to a depth of 500 feet and partially explored to 1,000 feet.

Developments to greater depth at adjoining mining operations may eventually reveal information on which a future deep exploration programme can be formulated.

#### **VOL MINES LIMITED (N'KANA PROPERTY)**

The Consolidated Mining and Smelting Company of Canada Limited incorporated Vol Mines Limited to acquire the N'Kana property at Yellowknife, N.W.T. pursuant to an option agreement with your company. Conwest will receive 10¢ out of each \$1.00 allocated to dividends until Cominco have recovered \$221,551. Thereafter, Conwest will receive approximately  $\frac{1}{3}$  of each dollar so allocated.

A short ore shoot has been exposed on the 2900 level for a length of 180 feet with an average width of 7.6 feet, averaging 0.67 (0.43 cut) ounces of gold per ton. A minor amount of development ore was milled during the year for an average recovery of 0.6 ounces of gold per ton.

#### **JERSEY CONSOLIDATED MINES LIMITED**

Your company participated in financing exploration on the Jersey Consolidated Mines Limited property on Galena Hill, Yukon Territory. Work carried out under the direction of your company, comprised stripping,



trenching and drilling on the Eagle Vein structure and its branch veins. Two occurrences of ore-grade silver-lead mineralization were intersected in drill holes but a close pattern of drilling did not disclose sufficient continuity to justify underground exploration. Work was suspended in November.

### GENERAL EXPLORATION

Pursuant to a working agreement, Central Patricia Gold Mines Limited maintains a 20 percent participation in the mining exploration activities of your company.

Early in the year, three groups of claims were staked adjoining the property which is being developed by Stikine Copper Mines Limited in the Stikine copper belt of British Columbia. Mapping, prospecting and geochemical work were completed on the claims and further work will be done in the current year. A helicopter-supported prospecting project was carried out in the general Stikine River area. Several mineral occurrences were located of which four copper showings and one silver-lead-zinc showing warranted staking claims. Limited mapping and sampling indicates further work is required to determine the importance of the showings.

In the Pine Point area, N.W.T., 750 mining claims staked during the year are being surveyed by geophysical methods. Anomalous areas disclosed by the survey will be investigated by diamond drilling.

At Contwoyto Lake, N.W.T., Falconbridge Nickel Mines Limited continued work on claims held there pursuant to its agreement with your company. Several areas of interest were suggested by magnetic survey and further work is planned.

In Northern Manitoba exploration was in progress throughout the year, mainly in the Thompson-Mystery Lake area. Drilling was carried out on three properties, several other claims groups were surveyed with geophysics and the programme is continuing.

Preliminary mapping, prospecting and geochemical work on claims held in Gaspé Park, Quebec failed to disclose significant values. Three groups of claims are being retained for further prospecting.

The option to purchase the Exploradora Mine in Chile was exercised during the year. The shaft was rehabilitated to a depth of 465 feet before work was suspended when the lower levels were found to be badly caved. A strong shear has been exposed on surface for over 2,000 feet which appears to contain several ore zones. Sampling of ore exposures underground that were accessible, suggest a grade of 6% copper and 3 ounces of silver per ton over a width of 8 feet. Further work is required to evaluate the extent of the ore zones.

An active exploration staff is continuing the search for mining properties of merit.

On Behalf of the Board,

F. M. CONNELL,  
*Chairman.*

C. R. ELLIOTT,  
*President.*

Toronto, Ontario,  
February 19, 1965.

# Conwest Exploration

(Incorporated under the laws of the Province of British Columbia)

## Balance Sheet —

(with comparative figures for 1963)

### ASSETS

	1964	1963
<b>Current:</b>		
Cash .....	\$ 693,706	\$ 738,016
Short-term investments at cost plus accrued interest (approximately market) .....	1,665,489	1,710,458
Dividends and interest receivable .....	117,803	101,812
Accounts receivable .....	39,076	36,861
Advances for working funds .....	8,666	7,435
Prepaid expenses .....	12,724	11,525
Total current assets .....	2,537,464	2,606,107
Agreement for sale and mortgages receivable .....	397,545	23,965
Interest in mining properties and companies at cost less amounts written off (note):		
Shares in and advances to mining and exploration companies (including shares with a book value of \$4,751,274 (\$4,138,600 in 1963) having a quoted market value of \$11,225,807 (\$9,617,217 in 1963) .....	4,848,239	4,241,575
Subsidiary companies —		
Shares .....	2,327,103	2,315,363
Advances .....	302,528	249,282
	2,629,631	2,564,645
Less provision for losses .....	345,436	300,775
	2,284,195	2,263,870
Mining claims and expenditures thereon .....	844,842	657,355
Total interest in mining properties and companies .....	7,977,276	7,162,800
<b>Fixed:</b>		
North Vancouver waterfront land at cost .....		413,769
Prospecting equipment and other fixed assets at cost less accumulated depreciation of \$154,649 (\$133,362 in 1963) .....	63,002	74,262
	63,002	488,031
	<u>\$10,975,287</u>	<u>\$10,280,903</u>



# Company Limited

*the laws of Canada)*

**December 31, 1964**  
for the year 1963)

## LIABILITIES

	<u>1964</u>	<u>1963</u>
<b>Current:</b>		
Accounts payable and accrued charges .....	\$ 17,185	\$ 19,494
Dividend payable January 29, 1965 (January 31, 1964) ....	150,000	150,000
Total current liabilities .....	<u>167,185</u>	<u>169,494</u>
 <b>Capital and surplus:</b>		
Capital —		
Authorized:		
3,000,000 shares of no par value		
Issued:		
2,500,000 shares .....	1,284,998	1,284,998
Earned surplus .....	9,523,104	8,826,411
	<u>10,808,102</u>	<u>10,111,409</u>

### NOTE TO THE FINANCIAL STATEMENTS DECEMBER 31, 1964

#### Accounting policy

The company's policy is to write off all general exploration expenditures incurred during the year, including all overhead costs, and to capitalize the direct cost of acquisition and expenditure thereon of interests in mining properties and companies which were in good standing at the year end. Upon disposal or abandonment of such interests the net gain or loss is reflected in the statement of earned surplus.

On behalf of the Board:

C. R. ELLIOTT, Director.

J. D. CHRISTIAN, Director.

\$10,975,287

\$10,280,903

# Conwest Exploration Company Limited

## STATEMENT OF INCOME AND EARNED SURPLUS

For the year ended December 31, 1964

(with comparative figures for the year 1963)

	1964	1963
Net income for the year:		
Income —		
Dividends .....	\$ 486,848	\$ 491,383
Interest .....	94,750	91,383
Gain on sale of bonds .....	4,743	35,412
Gain on sale of fixed assets .....	11,231	
Rental of equipment and property .....	14,002	28,989
	<u>611,574</u>	<u>647,167</u>
Expense —		
General exploration (note) .....	42,344	127,675
General and administrative .....	76,219	64,329
Executive salaries .....	38,467	33,433
Directors' fees .....	3,600	4,200
Legal fees .....	4,195	480
Depreciation .....	22,079	26,836
	<u>186,904</u>	<u>256,953</u>
Net income for the year .....	<u>424,670</u>	<u>390,214</u>
Excess of net gain realized on disposal of interest in mining properties and companies over exploration write-offs and provision for losses of subsidiary companies (note) .....	572,023	96,478
Earned surplus at beginning of year .....	8,826,411	8,639,719
	<u>9,823,104</u>	<u>9,126,411</u>
Dividends totalling 12¢ per share .....	300,000	300,000
Earned surplus at end of year .....	<u>\$9,523,104</u>	<u>\$8,826,411</u>



*Clarkson, Gordon & Co.*  
*Chartered Accountants*

15 WELLINGTON STREET WEST

*Toronto 1*  
CANADA

AUDITORS' REPORT

To the Shareholders of  
Conwest Exploration Company Limited:

We have examined the balance sheet of Conwest Exploration Company Limited as at December 31, 1964 and the statement of income and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In accordance with Section 118 of the Companies Act (Canada), we report that provision has been made in the accompanying statements for the company's share of the losses of the subsidiary companies.

In our opinion and according to the best of our information and the explanations given to us, and as shown by the books of the company, the accompanying balance sheet and statement of income and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company at December 31, 1964 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,  
February 16, 1965.

*Clarkson, Gordon & Co.*  
Chartered Accountants

# Cassiar Asbestos Corporation Limited

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## *Report of the Directors*

To the Shareholders,  
CASSIAR ASBESTOS CORPORATION LIMITED:

Your directors submit herewith the thirteenth annual report on the affairs of your company including the balance sheet as at December 31, 1964, the statement of operations and earned surplus for the year ended on that date and your Auditors' Report thereon.

### **FINANCIAL**

You will note from the attached financial statements that the profit from operations was \$7,336,746 before providing for depreciation, stripping and other write-offs aggregating \$2,358,284, and the current year's income taxes of \$1,185,000. Of the remaining \$3,793,462 there was transferred to accumulated tax reductions applicable to future years \$765,000, leaving a net profit of \$3,028,462.

During the year under review, there was expended on land, plant and equipment \$1,962,105, stripping \$2,259,102, Clinton Creek exploration \$305,250 and dividends \$2,376,000. The land, plant and equipment expenditure includes \$425,000 for the purchase of the Conwest waterfront property in North Vancouver, \$375,000 of which remains to be paid over the next five years. It also includes \$195,679 worth of equipment budgeted for 1965 for which delivery was accelerated in order to provide increased production capacity. Working capital decreased by \$401,712.

### **SALES**

Both the volume and value of sales were higher than in 1963. The market for spinning fibres was somewhat stronger and the asbestos-cement grades moved very well.

It is worthy of note that the asbestos mines of Canada produced in 1964, according to the preliminary estimates of the Dominion Bureau of Statistics, 1,377,079 tons of asbestos, having a value of \$148,370,312. The greatest part of this production represents exports for Canada and your company accounts for approximately five percent of the quantity and ten percent of the value.

Throughout the world, the asbestos-cement industry is continuing to expand. This is evidenced by the encouraging number of machines that are being installed and new plants that are to be constructed in the next three or four years. It would appear that the imbalance between consumption and productive capacity, which has plagued the industry for a number of years, is coming to an end.

The programmes of mine and mill development and of exploration, in preparation for further expansion of your company's productive capacity are detailed in other sections of this report.

### **RESEARCH**

Research into the treatment and use of asbestos fibres is continuing. The progress is encouraging, and the fields of investigation and the interest therein, are expanding as increased knowledge is accumulated.



## **MINE**

During 1964, the mine produced 705,205 tons of ore, of which 349,632 tons were treated in the rock rejection circuit to eliminate 118,112 tons of rock. The resulting 231,520 tons of concentrate and the 355,573 tons of untreated ore, a total of 587,093 tons of mill feed, were delivered to the mill by the tramline.

Stripping operations removed from the pit and peak 3,464,705 tons of waste rock at a cost of \$2,259,102. A 4½ yard electric shovel was put into service on the stripping operations in April 1964. The cost per ton of rock removed was reduced from an average of 86¢ per ton in 1963 to 65¢ per ton in 1964. Further economies are anticipated in 1965 with the introduction of 40-ton trucks to replace part of the existing 20-ton fleet and with the use of a new rotary drill. The deferred stripping cost is currently being amortized at \$1.68 per ton of ore mined.

Completion by the year end of the installation of a secondary crusher and rotary dryer at the mine will permit rock rejection to operate on a year-round, all-weather basis, thereby increasing the fibre carrying capacity of the tramline and the productive capacity of the mill.

## **MILLING**

The mill treated 587,908 tons of ore and concentrate at an average rate of 1,611 tons per calendar day. The mill addition, completed in July 1964, provided for production of the new AY grade, which reached customers late in the year. Early consumer reports indicate that this fibre is of the same high quality as other Cassiar grades and is expected to find a ready market.

## **VANCOUVER HARBOUR FACILITIES**

The facilities in Vancouver Harbour, which up to the present time, have been leased and rented are no longer capable of handling the tonnages and loads which will result from the increased production of Cassiar and the eventual production from the Clinton Creek mine. In addition, the White Pass & Yukon Route will, in late August 1965, commission a new and larger vessel to replace the M. V. Clifford J. Rogers. It will be equipped with 20-ton containers and will have approximately 2½ times the capacity of the previous vessel. To handle the increased tonnage and meet load requirements, a new wharf and warehouse will be constructed at an estimated cost of \$900,000.

In 1958, anticipating the ultimate need for additional waterfront facilities for its various interests, Conwest Exploration Company Limited acquired a waterfront location at the foot of St. Andrews Street in North Vancouver, near the West Indies Wharf property, which is under lease to your company. The property was subsequently increased by purchase and lease of adjoining land and during the year, the entire property and leases, having a harbour frontage of approximately 510 feet, were transferred to your company at the original cost of \$425,000 pursuant to an agreement which gives Conwest certain rights for use. Leases of the land under water on the foreshore of the property have been extended and a new lease of the West Indies Wharf property has been arranged with the National Harbours Board. The National Harbours Board leases are for a period of 21 years, renewable for a further period of 21 years. Filling of land where required has started and the construction of the new wharf and additional warehousing is scheduled for completion by July 1965. These facilities will be known as Asbestos Wharf and will be an important asset of your company.

## **CLINTON CREEK MINE**

The geophysical work carried out in 1963 located two anomalous areas, one approximately 4,000 feet northeast of the main orebody and the other to the southwest and adjoining the main orebody.

In the northeast anomaly, three additional diamond drill holes were completed in 1964 and along with the four holes drilled in 1963, indicate a zone of serpentine with a low fibre content. Further work will be required to determine the importance of this showing.

The other anomaly southwest of the main orebody was explored by a series of nine vertical holes at 200-foot centres to a depth of approximately 600 feet. These holes, together with hole CS-6 drilled in 1963, have extended the main ore zone for a distance of 700 feet with an average horizontal width of 400 feet, and it is open to the southwest. A step-out hole CW-1, located 1,100 feet west of CS-8, was drilled to a depth of 472 feet, at which point the hole was stopped by caving. The last 122 feet of core was in ore averaging 7.5% fibre. The 350 feet of overburden in the hole indicates that the orebody may flatten in its southwest extension and suggests that the intervening zone could provide additional ore for open pit operations. During 1965, this very promising possibility will be further explored with three diamond drills and several new anomalies in the area will be tested.

In order to confirm the vertical continuity of the original 5,000,000-ton orebody, and to relate diamond drill results to the bulk sampling done in 1958, the orebody was cross-sectioned at 100-foot intervals with horizontal diamond drill holes from the underground drifts and cross-cuts and three vertical holes were drilled from surface.

A preliminary estimate of the ore outlined to a depth of 100 feet below the adit and inclusive of hole CS-8, is 12,300,000 tons, having an approximate value of \$12.30 per ton of ore and a waste to ore ratio of 2.4:1. The step-out hole CW-1 referred to above, indicates a good possibility that this tonnage will be substantially increased by the 1965 drilling.

Detailed production planning is now underway, but the ultimate size of the plant and production facilities will be governed by the results obtained in the summer of 1965.

#### **KUTCHO CREEK ASBESTOS COMPANY LIMITED**

A reconnaissance geophysical survey was carried out to outline the fibre-bearing serpentine within the main ultrabasic intrusive in which this property is located. A diamond drilling programme will be undertaken at some future date.

#### **ACKNOWLEDGEMENTS**

The staff and employees at the mine, in the Transport Division and at Vancouver are to be commended for their excellent performance in cost reduction, and in maintaining a notably low accident frequency record.

The Board expresses its appreciation of the loyal and efficient services rendered the company by the employees, its staff and officers.

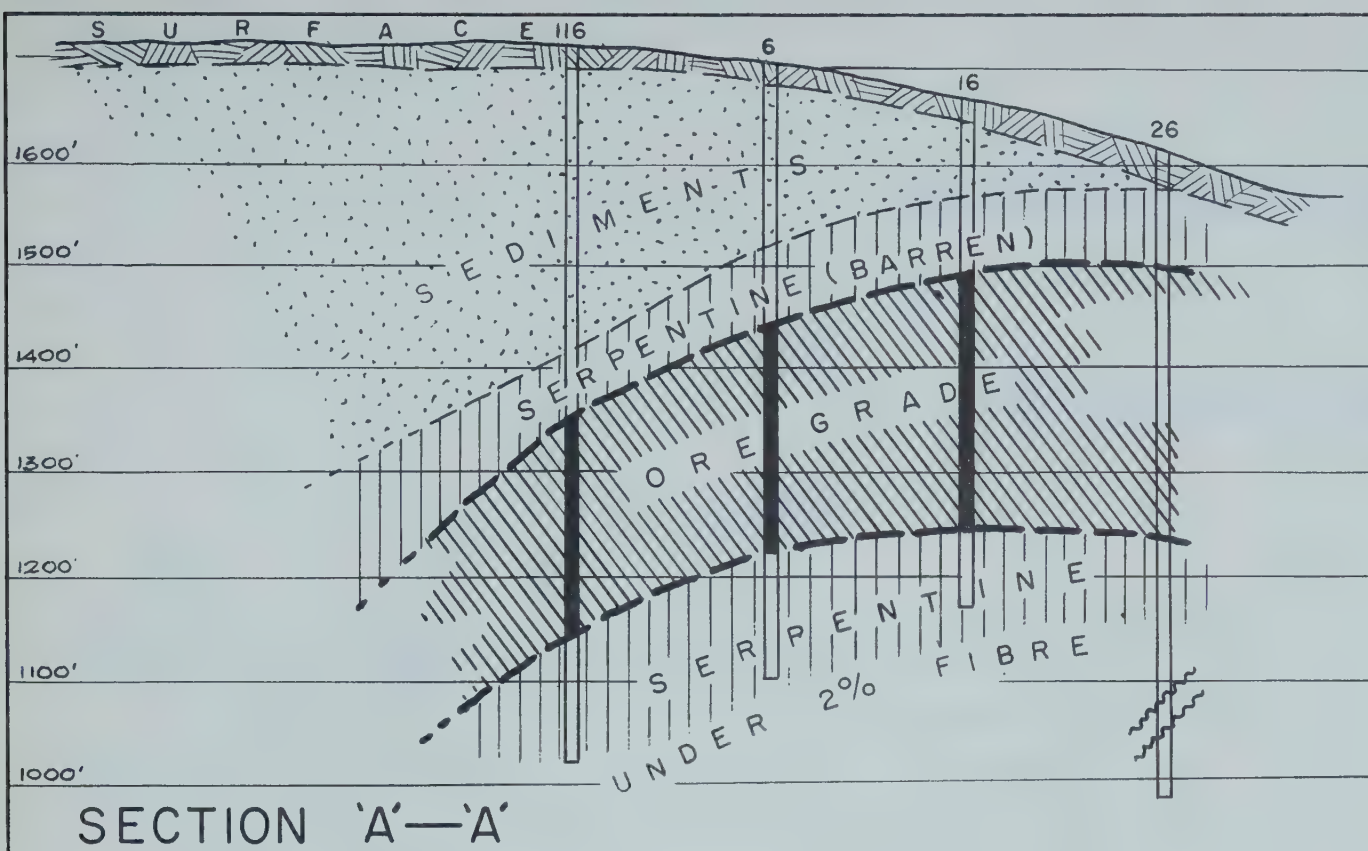
On Behalf of the Board,

F. M. CONNELL,  
*Chairman.*

J. D. CHRISTIAN,  
*President.*

Toronto, Ontario,  
February 18, 1965.







CLINTON CREEK  
ASBESTOS  
YUKON TERRITORY

4000 — Magnetic contours  
● — Diamond drill holes

Scale ~ 1 inch = 200 feet



# Cassiar Asbestos Corporation Limited

and its subsidiary

## STATEMENTS OF CONSOLIDATED OPERATIONS AND EARNED SURPLUS

For the year ended December 31, 1964  
(with comparative figures for the year 1963)

OPERATIONS	1964	1963
Sales of asbestos fibre .....	<u>\$14,466,691</u>	<u>\$13,882,535</u>
Profit on operations before deducting the following charges .....	\$ 7,407,207	\$ 6,755,711
Income from investments .....	1,605	6,667
	<u>7,408,812</u>	<u>6,762,378</u>
<b>Expenses:</b>		
Amortization of preproduction expenditures .....	58,782	58,876
Amortization of stripping costs .....	1,184,744	1,271,044
Depreciation .....	1,093,058	1,054,740
Directors' fees .....	12,750	13,500
Interest on purchase contract .....	12,000	
Legal fees .....	6,016	30,952
Outside exploration expenditures written off .....	21,700	97,541
Remuneration of executive officers .....	41,300	35,917
	<u>2,430,350</u>	<u>2,562,570</u>
	4,978,462	4,199,808
Provision for income taxes payable for current year .....	1,185,000	950,000
	<u>3,793,462</u>	<u>3,249,808</u>
Portion of earnings deferred equivalent to the reduction in taxes payable for the current year arising from claiming for tax purposes the maximum capital cost allowance, stripping costs and exploration and development expenditures permitted by the Income Tax Act which are in excess of the amounts charged above and which will apply to those future years when the amounts permitted for tax purposes will be less than the amounts recorded in the accounts .....	765,000	660,000
Net profit for the year .....	<u>\$ 3,028,462</u>	<u>\$ 2,589,808</u>
<b>EARNED SURPLUS</b>		
Balance at beginning of year .....	\$ 8,488,655	\$ 8,274,847
Net profit for the year .....	3,028,462	2,589,808
	11,517,117	10,864,655
Dividends totalling 60¢ per share .....	2,376,000	2,376,000
Balance at end of year .....	<u>\$ 9,141,117</u>	<u>\$ 8,488,655</u>

# CASSIAR ASBESTOS CO.

(Incorporated under the laws of the Province of Ontario)

and its subsidiaries

## Consolidated Balance Sheet

(with comparative figures for 1963)

ASSETS		1964	1963
Current:			
Cash .....	\$	273,855	\$ 280,009
Accounts receivable .....		1,380,849	1,219,169
Asbestos fibre at cost .....		2,823,652	2,931,093
Ore stockpiled at mill at cost .....		227,644	281,859
Inventory of supplies — valued at laid-down cost .....		1,039,569	1,168,865
Prepaid expenses .....		85,679	88,960
Total current assets .....		5,831,248	5,969,955
Investment in Territorial Supply Company Limited:			
Shares (one-half the issued capital) at cost .....		25,000	25,000
Notes receivable .....		200,000	250,000
		225,000	275,000
Fixed and deferred (note 1):			
Mine plant and equipment at cost .....		12,203,401	11,492,627
Automotive equipment at cost .....		3,129,268	2,789,117
Asbestos Wharf: — leasehold improvements, buildings and equipment at cost .....		495,120	334,105
		15,827,789	14,615,849
Less accumulated depreciation .....		7,434,592	6,787,353
		8,393,197	7,828,496
Mining claims and properties at cost .....		2,590,712	2,308,596
Exploration, development and other preproduction expenditures less amounts written off .....		466,763	218,763
Stripping costs less amounts written off .....		7,227,047	6,152,690
		18,677,719	16,508,545
		\$24,733,967	\$22,753,500



# CORPORATION LIMITED

(In accordance with the laws of Canada)

Subsidiary

Balance Sheet — December 31, 1964

(Assets for the year 1963)

LIABILITIES		1964	1963
<b>Current:</b>			
Accounts payable and accrued charges . . . . .	\$	977,126	\$ 895,378
Dividend payable January 29, 1965 (January 29, 1964) . . . .		594,000	594,000
Taxes payable . . . . .		687,979	581,722
Current portion of purchase contract . . . . .		75,000	
Total current liabilities . . . . .		<u>2,334,105</u>	<u>2,071,100</u>
6% purchase contract due in equal annual instalments to June 30, 1969 less current portion . . . . .		<u>300,000</u>	
Accumulated tax reductions applicable to future years . . . . .		<u>4,490,000</u>	<u>3,725,000</u>
<b>Capital and surplus:</b>			
Capital (notes 2 and 3) —			
Authorized: 4,000,000 shares without nominal or par value			
Issued: 3,960,000 shares . . . . .		8,468,745	8,468,745
Earned surplus . . . . .		<u>9,141,117</u>	<u>8,488,655</u>
		<u>17,609,862</u>	<u>16,957,400</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 1964

1. At December 31, 1964 the company was committed to:
  - (a) Purchase automotive equipment at a net cost of approximately \$280,000;
  - (b) Construct a wharf and warehousing facilities at a cost of approximately \$660,000.
2. Subsequent to the year end 40,000 shares of the capital stock of the company were issued at \$11.00 per share.
3. Upon approval by the shareholders and the issue of supplementary letters patent to increase the capital stock of the company to 5,000,000 shares without nominal or par value, the company proposes to issue 775,000 shares at \$12.00 per share.

On behalf of the Board:

J. D. CHRISTIAN, Director.

C. R. ELLIOTT, Director.

\$24,733,967

\$22,753,500

*Clarkson, Gordon & Co.*  
*Chartered Accountants*

15 WELLINGTON STREET WEST

*Toronto 1*  
CANADA

AUDITORS' REPORT

To the Shareholders of  
Cassiar Asbestos Corporation Limited:

We have examined the consolidated balance sheet of Cassiar Asbestos Corporation Limited and its subsidiary as at December 31, 1964 and the statements of consolidated operations and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us, and as shown by the books of the companies, the accompanying consolidated balance sheet and statements of consolidated operations and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at December 31, 1964 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,  
February 16, 1965.

*Clarkson, Gordon & Co.*  
Chartered Accountants



# Cassiar Asbestos Corporation Limited

## *Management and Operating Personnel*

### GENERAL OFFICERS

Chairman of the Board	-	-	-	-	-	F. M. CONNELL, O.B.E., LL.D.
President and General Manager	-	-	-	-	-	J. D. CHRISTIAN, C.B.E., B.A.Sc.
Vice-President and Secretary-Treasurer	-	-	-	-	-	C. R. ELLIOTT, C.A.
Manager of Operations	-	-	-	-	-	N. GRITZUK, B.Sc.
Consulting Engineer	-	-	-	-	-	T. T. TIGERT, B.A.Sc.
Assistant Secretary-Treasurer	-	-	-	-	-	J. R. SCRINGER
Chief Accountant	-	-	-	-	-	M. G. MAZURKEWICH

### OPERATING DIVISION —

#### Cassiar, B.C.

General Superintendent	-	-	-	-	-	J. G. BERRY, B.Sc.
Mine — Superintendent	-	-	-	-	-	T. L. HORSLEY, B.A.Sc.
Assistant Superintendent	-	-	-	-	-	J. R. MURDOCH, B.Sc.
Equipment Superintendent	-	-	-	-	-	G. EDWARDS
Mill — Superintendent	-	-	-	-	-	A. C. BEGUIN, B.A.Sc.
Assistant Superintendent	-	-	-	-	-	D. COOK, B.Sc.
Plant — Superintendent	-	-	-	-	-	C. E. BRONSON, B.Sc.
Mechanical Superintendent	-	-	-	-	-	R. PASIAUD
Electrical Superintendent	-	-	-	-	-	A. POWELL
Surface Superintendent	-	-	-	-	-	C. HOOD
Chief Engineer	-	-	-	-	-	A. C. CARON
Chief Geologist	-	-	-	-	-	W. N. PLUMB, B.A.Sc.
Office and Warehouse —						
Office Manager	-	-	-	-	-	W. L. JOHNSON
Accountant	-	-	-	-	-	J. H. THORNICROFT
Purchasing	-	-	-	-	-	R. R. STEVENS

### TRANSPORT DIVISION —

#### Whitehorse, Y.T.

General Superintendent	-	-	-	-	-	E. K. McARTHUR
Maintenance Superintendent	-	-	-	-	-	W. G. WHITEHOUSE
Accountant	-	-	-	-	-	K. J. MULLOY

### VANCOUVER OPERATIONS

Office Manager	-	-	-	-	-	J. T. WARD
Superintendent — West Indies Wharf	-	-	-	-	-	S. M. MANNING, B.A.Sc.

# CASSIAR ASBESTOS CORPORATION LIMITED — TEN YEAR REVIEW

	Years End		
	1955*	1956*	1957*
Ore mined (tons) .....	217,350	356,334	405,615
Ore and concentrate milled (tons) .....	183,246	258,056	382,186
Fibre produced (tons) .....	15,043	19,977	28,791
Waste removed (tons) .....	184,415	406,118	688,117
Sales .....	\$4,749,540	\$ 6,854,319	\$ 8,314,620
Profit before deducting the following .....	\$1,049,990	\$ 2,858,294	\$ 3,535,188
Depreciation .....	\$ 578,898	\$ 719,887	\$ 862,419
Exploration and development written off .....	141,212	203,319	218,508
Net earnings before taxes .....	\$ 329,880	\$ 1,935,088	\$ 2,454,261
Provision for current taxes .....	—	—	62,000
Provision for deferred taxes .....	—	—	8,000
Net earnings .....	\$ 329,880	\$ 1,935,088	\$ 2,384,261
Net earnings per share .....	9¢	51¢	63¢
Dividend declared per share .....	—	—	—
CAPITAL EXPENDITURES:			
Land, Plant and Equipment .....	\$2,154,311	\$ 1,259,432	\$ 1,672,665
Mine development — Cassiar .....	—	390,255	545,635
— Clinton Creek .....	—	—	—
Outside exploration .....	—	—	229,398
BALANCE SHEET AT END OF FISCAL PERIOD:			
Net working capital .....	\$ 724,544	\$ 2,055,450	\$ 2,304,595
Territorial Supply Company Limited .....	125,000	125,000	175,000
Plant and Equipment .....	7,343,083	8,601,645	10,274,310
Mining Claims and Properties .....	245,375	245,375	475,391
Deferred development .....	454,475	641,412	950,494
Total .....	\$8,892,477	\$11,668,882	\$14,179,790
Deduct — Purchase contract payable .....	—	—	—
— Deferred taxes .....	—	—	8,000
— Accumulated depreciation .....	860,231	1,486,547	2,247,228
Capital and surplus .....	\$8,032,246	\$10,182,335	\$11,924,562
Shares of capital stock issued at end of period .....	3,800,000	3,800,000	3,800,000

NOTES: \* The years 1957 and prior have been adjusted to reflect the fibre inventory valuation basis used in 1958 and subsequent years.

‡ 1964 production includes 4,040 tons AY grade fibre which was not recovered in previous years.



September 30	15 Months Oct. 1, 1960 to Dec. 31, 1961			Years Ended December 31		
1958	1959	1960		1962	1963	1964
384,250	359,914	471,561	674,791	720,416	756,574	705,205
389,232	344,233	457,379	581,835	569,571	588,733	587,908
32,274	32,277	38,838	56,556	57,568	62,214	66,897‡
1,351,651	1,339,249	1,949,282	2,550,035	2,357,623	2,824,197	3,464,705
\$ 8,762,644	\$ 9,521,376	\$10,365,953	\$14,593,795	\$12,665,656	\$13,882,535	\$14,466,691
\$ 4,463,429	\$ 4,607,789	\$ 5,313,166	\$ 6,934,758	\$ 6,179,710	\$ 6,682,009	\$ 7,336,746
\$ 960,983	\$ 923,508	\$ 979,112	\$ 1,307,529	\$ 1,091,772	\$ 1,054,740	\$ 1,093,058
262,973	440,702	535,468	1,067,076	1,038,733	1,427,461	1,265,226
\$ 3,239,473	\$ 3,243,579	\$ 3,798,586	\$ 4,560,153	\$ 4,049,205	\$ 4,199,808	\$ 4,978,462
313,000	12,000	385,000	600,000	950,000	950,000	1,185,000
29,000	188,000	1,060,000	1,130,000	650,000	660,000	765,000
\$ 2,897,473	\$ 3,043,579	\$ 2,353,586	\$ 2,830,153	\$ 2,449,205	\$ 2,589,808	\$ 3,028,462
76¢	77¢	59¢	71¢	62¢	65¢	76½¢
20¢	50¢	60¢	75¢	60¢	60¢	60¢
\$ 867,954	\$ 608,230	\$ 1,473,876	\$ 1,359,994	\$ 518,235	\$ 1,391,630	\$ 1,962,105
817,088	779,358	1,245,868	2,288,921	2,007,698	2,442,363	2,259,102
—	—	—	—	—	117,858	305,250
315,283	1,502,774	230,449	270,623	29,593	40,840	25,348
\$ 3,938,325	\$ 4,931,576	\$ 4,570,513	\$ 4,213,321	\$ 4,512,588	\$ 3,898,855	\$ 3,497,143
275,000	350,000	350,000	275,000	275,000	275,000	225,000
11,142,264	11,439,478	12,432,854	13,337,576	13,606,270	14,615,849	15,827,789
797,659	2,153,477	2,318,961	2,423,168	2,371,505	2,308,596	2,590,712
1,518,437	2,004,105	2,808,678	4,196,939	5,133,445	6,371,453	7,693,810
\$17,671,685	\$20,878,636	\$22,481,006	\$24,446,004	\$25,898,808	\$27,469,753	\$29,834,454
—	—	—	—	—	—	300,000
37,000	225,000	1,285,000	2,415,000	3,065,000	3,725,000	4,490,000
3,145,616	3,820,988	4,385,772	5,360,617	6,090,216	6,787,353	7,434,592
\$14,489,069	\$16,832,648	\$16,810,234	\$16,670,387	\$16,743,592	\$16,957,400	\$17,609,862
3,800,000	3,960,000	3,960,000	3,960,000	3,960,000	3,960,000	3,960,000







